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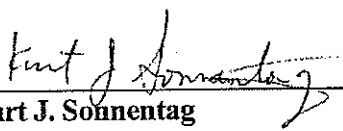
The Honorable Senator Jon Erpenbach
South/State Capitol
Madison, WI 53707-7882


Dear Senator Erpenbach and Members of the Committee on Health, Health Insurance,
Privacy, Property Tax Relief, and Revenue:

We are writing in support of SB 412. We believe this legislation will correct a problem in current state law regulating Tax Increment Districts throughout the State. What we call the "double counting" problem, wherein the value of a TID increment parcel is counted twice—once in its original district and then also in an overlapping district, is one that has caused problems for the City of Middleton.

We urge your support of SB 412 so that all jurisdictions around the state will be able to continue their redevelopment efforts for the benefit of their communities.

Sincerely,


Kurt J. Sonntag
Mayor


Michael K. Davis
City Administrator

Xc: Council Members, City Attorney Larry Bechler, Finance Director Tim Studer



State of Wisconsin • DEPARTMENT OF REVENUE

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Jim Doyle
Governor

Roger M. Ervin
Secretary of Revenue

Improving Administration of Tax Incremental Financing AB 611 -- SB 412

More Local Control -- Less Legislative Involvement

Current law prohibits a municipality from creating new TIF districts if more than 12% of the equalized property value of the municipality would be contained in one or more TIF districts. This is often referred to as the 12% limit. As a result, municipalities regularly come to the Legislature to ask for exceptions to the 12% limit for their TIFs.

This legislation would allow a municipality to exceed the 12% limit for individual TIF districts if a county board adopts a resolution by March 15th recommending the new TIF district (even if the new TIF pushes the municipal property value over the 12% limit). This change shifts the decision-making closer to those affected by the TIF. Local county board members have a direct connection to local TIFs while most legislators (other than with connections to the district) do not.

Adjust Approval Timing -- DOR Gives Advance Notice

Municipalities often need help from the Department of Revenue (DOR) to determine whether their proposed TIF districts exceed the 12% limit. But the current process and timing laid out in the statutes requires DOR to make a final determination on the 12% test with no opportunity for changes.

This legislation would move up the date final TIF resolutions are due to DOR (from December 31st to October 31st) and require DOR to notify a municipality by December 31st if the TIF district exceeds the 12% limit. If a TIF is over 12%, a municipality would have 2 ½ months to seek county board approval for the TIF district (by March 15th). >

Overlapping Parcels -- No Double Counting

Current law requires DOR to count the same property parcels twice in calculating the 12% limit if those parcels are contained in two separate TIF districts. This requirement results in double counting when DOR looks at the 12% limit. This was never intended. This legislation would exclude previously-counted parcels from future 12% tests.

More Public Notice

While current law requires that some meetings relating to creation or amendment of a TIF district be publicly noticed, not all TIF meetings are covered under current law. This legislation would ensure that all Joint Review Board meetings (the local body created to review, recommend and create TIF districts) are advertised as open to the public. The public needs notice of and access to government meetings and decisions that can have a significant impact on property tax levels.

Increments Not Authorized if Fees Not Paid

Municipalities pay an annual fee to the DOR (\$150) for each active TIF district. This legislation would direct DOR not to authorize a municipality's annual TIF increment if the annual fee is not paid by May 15.